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No. 96-1271

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IN THE
Supreme Court of the United States
OCTOBER TERM, 1996

PERRY W. GUINN, GARY N. MILLS,
ROBERT A. BEDIENT and MARTIN O. GREELEY,
Petitioners,

v.

HENRY B. KOPF,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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PETITIONERS' REPLY BRIEF

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PETITIONERS' REPLY BRIEF

QUESTION 1

1. Question 1 ("Is 37 C.F.R. § 1.662(c) invalid under 35 U.S.C. § 6(a) because it is 'inconsistent with' 35 U.S.C. § 253") requires determination of the scope of 35 U.S.C. § 253.

> "In determining the scope of a statute, we look first to its language. If the statutory language is unambiguous, in the absence of a 'clearly expressed legislative intent to the contrary, that language must ordinarily be regarded as conclusive.'" . . . [Citations omitted.]

Reves v. Ernst & Young, 507 U.S. 170, 176, 113 S.Ct. 1163, 1169 (1993).

The unambigous statutory language of 35 U.S.C. § 253 states:

> Whenever, without any deceptive intention, a claim of a patent is invalid the remaining claims shall not thereby be rendered invalid. A patentee, whether of the whole or any sectional interest therein, may, on payment of the fee required by law, make disclaimer of any complete claim. . . .

"[T]he broadest of the PTO's rulemaking powers—35 U.S.C. § 6(a)—authorizes the Commissioner to promulgate regulations directed only to 'the conduct of proceedings in the [PTO]'; it does *not* grant the Commissioner the authority to issue substantive rules", *Merck & Co. v. Kessler*, 80 F.3d 1543, 1549-1550, 38 USPQ2d 1347, 1351 (Fed. Cir. 1996), emphasis in original, citing and quoting *Animal Legal Defense Fund v. Quigg*, 932 F.2d 920, 930 (Fed. Cir. 1991) (citations in footnote 6 omitted).

Under *Reves* and *Merck*, the Commissioner's promulgation of 37 C.F.R. § 1.662(c) was *not authorized* for each of two dispositive reasons:

(i) 37 C.F.R. § 1.662(c) is "inconsistent", 35 U.S.C. § 6(a), with 35 U.S.C. § 253 because it imposes a limitation upon the statute *which Congress did not express.*[1]

(ii) 37 C.F.R. § 1.662(c) is therefore a "substantive rule[]" which, under *Merck*, 35 U.S.C. § 6(a) "does *not*" authorize the Commissioner "to issue".

The limitation incorrectly imposed on 35 U.S.C. § 253 by 37 C.F.R. § 1.662(c) is emphasized in the following combined reproduction of the statute and the rule:

> A patentee . . . may, on payment of the fee required by law, make disclaimer of any complete claim, . . . [*provided, however, if the patentee is involved in an interference, the disclaimer shall constitute a request*

---

[1] *Cf., Diamond v. Chakrabarty*, "[w]e have . . . cautioned that courts 'should not read into the patent laws limitations and conditions which the legislature has not expressed' ", 447 U.S. 303, 308, 100 S.Ct. 2204, 2007 (1980), quoting from *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 199, 53 S.Ct. 554, 561 (1933).

for adverse judgment if it results in the deletion of all patent claims corresponding to the count].

Under 37 C.F.R. § 1.658(a), an "adverse judgment" entered pursuant to 37 C.F.R. § 1.662(c) "shall state whether or not [*the party opposing the disclaiming patentee*] is entitled to a patent containing the claims in [that] party's . . . application which correspond to the count".[2]

37 C.F.R. § 1.662(c) fundamentlly changes and was intended by the Commissioner to fundamentally change the law as it had existed from 1952 to 1984 regarding patent interferences instituted under 35 U.S.C. § 135(a). The Petition explains that:

> Under the 1952 Act, interferences involving an application and a patent were routinely *dissolved without a judgment* if the patentee filed a statutory disclaimer pursuant to 35 U.S.C. § 253 (1952) of the involved patent claim (count). This dissolution by disclaimer and without a judgment practice is set forth in the authoritative treatise Rivise and Caeser *Interference Law and Practice*, Vol. II, § 317:
>
> > An interference may be terminated by dissolution on one or more of the following grounds:
> >
> > * * * *
> >
> > (3) In an interference involving an application and a patent, that the patentee has eliminated the conflicting subject matter by means of a reissue *or statutory disclaimer*.

---

[2] Claims which "correspond" to the count are for subject matter *different* from the count *unless* designated to "correspond *exactly*". See 37 C.F.R. § 1.601(f).

The Board, instructed by 37 C.F.R. § 1.662(c), treated the Guinn disclaimer as a "request for entry of judgment". 37 C.F.R. § 1.658 required the judgment to state whether Kopf "is entitled to a patent containing the [30] claims in [Kopf's] applications which correspond to [but are not identical to Guinn claim 9]. . . . (Pet. at 6).

No Kopf claim is said by the Board or the Court to correspond "exactly" to claim 9 of Guinn's patent which was disclaimed.

and § 334:

> We have seen that a patentee involved in an interference may bring about a dissolution of the interference *by filing a statutory disclaimer* elim*inating* or substantially modifying the claims of his patent corresponding to the issue of the interference. . . .
>
> * * * *
>
> As has been stated, a patentee, who wishes to terminate an interference by disclaimer, has his choice between a statutory disclaimer and a disclaimer under Rule 107. *A statutory disclaimer is preferable, as it may result in a dissolution of the interference rather than in an adverse judgment.* [Emphasis added.]
>
> In 1984, 35 U.S.C. § 135(a) was amended to supplement the Board's *mandatory* jurisdiction to determine the question of *priority* by adding *discretionary jurisdiction* to determine "questions of *patentability*".
>
> * * * *
>
> After the amendment, the Commissioner promulgated Rules 1.662(c) and 1.658, purportedly under 35 U.S.C. § 6, to *eliminate* the disclaimer-dissolution without a judgment practice routine under the 1952 Act. (Pet. at 7-8; footnote omitted)

Question 1 requires the Court to determine the validity of the Commissioner's deliberate repudiation, by substantive rulemaking not authorized by 35 U.S.C. § 6(a), of the disclaimer law set forth in 35 U.S.C. §§ 135(a) and 253 as it had been applied for more than 30 years from 1952 to 1984.

2. The Opposition to the Petition advances misdirected arguments based on the 1984 amendments to 35 U.S.C. §§ 7(b) and 135(a). The Federal Circuit considered these amendments in 1989, however. Its decision at that time shows these arguments largely to be frivolous. Pointedly, the Federal Circuit's decision in this 1996 case

does not even mention 35 U.S.C. § 7(b) (1984)—now the centerpiece of the respondent's case.

(i) In *Perkins v. Kwon*, 886 F.2d 325, 326, 12 USPQ2d 1308, 1309 (Fed. Cir. 1989), the "issue" before the Federal Circuit was "whether it was appropriate for the Board to determine priority of invention in the interference, and to enforce the consequences thereof against Perkins, when the Board held that the count was not patentable to Kwon, a party to the interference". The Court ruled in the affirmative, but *only* "if patentability is fairly placed at issue in the proceeding" and "had been adduced [on] an appropriate record". 886 F.2d at 328. As a predicate for its ruling, the Federal Circuit stated:

> This issue arises out of the consolidation of the two tribunals within the Patent and Trademark Office that had previously dealt separately with patentability (the Board of Appeals) and with priority (the Board of Patent Interferences), and the accompanying changes in interference practice. The statute that created the consolidated Board includes the provision, at 35 U.S.C. § 7(b):
>
> > The Board of Patent Appeals and Interferences shall . . . determine priority and patentability of invention in interferences declared under section 135(a) of this title.
>
> 35 U.S.C. § 135(a) was concurrently amended to include the provision:
>
> > The Board of Patent Appeals and Interferences shall determine questions of priority of the inventions and may determine questions of patentability.
>
> Patent Law Amendments Act of 1984, Pub.L.No. 98-622, §§ 201-207, 98 Stat. 3383, 3386-89 (1984), enacted November 8, 1984.
>
> * * * *
>
> We agree with the Board that issues of patentability and priority *that have been fully developed before the Board should be resolved by the Board.*

Kwon v. Perkins, 6 USPQ2d at 1750. The Commissioner also states that although the Board is authorized to decide the issues of both priority and patentability under circumstances such as those of this case, it is discretionary with the Board as to whether it will resolve questions of patentability that arise during an interference proceeding, referring to the term "may" in the statute:

> 35 USC § 135(a). . . . The Board of Patent Appeals and Interferences shall determine questions of priority of the inventions and may determine questions of patentability. . . .

The legislative history, however, shows that Congress intended that if patentability is fairly placed at issue in the proceeding, it will be determined. . . . The word "may" in § 135(a) accommodates the situation when patentability is not placed at issue during the priority contest, but it would contradict the remedial purpose of the legislation if the Board could refuse to decide questions of patentability *for which there had been adduced an appropriate record* . . . .

It would similarly contradict the legislative purpose if the Board were to refrain from deciding priority, when the result of such restraint would be the issuance or preservation of a facially invalid patent. . . .

886 F.2d 326, 328 (emphasis added).

(ii) The Opposition apparently construes 35 U.S.C. § 7(b)'s statement that "[t]he Board of Patent Appeals and Interferences *shall* . . . determine priority and patentability of invention" to preclude a disclaimer under § 253 of a patentee's only claim involved in an interference (here Guinn's patent claim 9) in order to somehow preserve an issue of patentability or priority for the Board to "determine". See R. Br. 10. The argument is frivolous.

(iii) The same "shall . . . determine priority and patentability" phrase from 35 U.S.C. § 7(b) apparently is relied upon to insist—again frivolously in the Opposi-

tion—that the Board is vested with jurisdiction to determine a *moot* question of *priority* where, as here, the patentee party to an interference has disclaimed the *only* claim in the patent under 35 U.S.C. § 253 *before the judgment was entered.* See Question 2 and the Petition at 12. *Per contra,* for lack of any justiciable controversy *after* the disclaimer, even Congress is precluded from purporting to authorize the Board to "determine" the moot priority issue.

QUESTION 3

Guided by the Federal Circuit's admonition in *Perkins* (Board authority to decide patentability requires fully developed record before it), Question 3 raises the issue of whether the Board has power or could have been empowered by Congress to adjudicate the question of patentability in the absence of an appropriate patentability record. Despite the fact that the Federal Circuit in *Perkins* affirmatively indicated that the Board had no such jurisdiction, the same Court's decision in this case holds to the contrary ("[w]e affirm the Board's judgment . . . against Guinn" (Pet. at 8a) "that Kopf was entitled to a patent containing claims 19-31 in application Serial No. 07/442,240, and a patent containing claims 20-38 in application Serial No. 07/207,655. . ." (Pet. at 1a-2a). Review is appropriate not only to resolve this conflict in the Federal Circuit's decisions but also to insure that patentability judgments are supported by evidence.

Section III at pp. 14-20 and the Conclusion at pp. 20-22 of respondent's Opposition urge denial of this Petition on the basis of unfounded and unprofessional charges that it lacks candor as to Question 3 issues.[3] To expose the

[3] E.g., "[t]he Petitioners have grossly mischaracterized the record. . ." (R. Br. 20); "Petitioners have mischaracterized the record. . ." (R. Br. 21); and "Petitioners . . . seek review by this Court based on . . . an assertion which is false and inconsistent with the record of this case" (R. Br. 21).

These charges are all based on the respondent counsel's testimony setting forth his version of the facts and upon documents not

fallacy of that charge, the *actual* basis—which is devoid of any patentability issue—for decision by the Patent Office Board and therefore of the Federal Circuit's affirmance is set forth below.

THE BOARD OPINION

The Board decision (included in the Appendix to Petitioner's brief below at A1-A7) appears in the Petition at Appendix B, 9a-14a. It states:

> On October 13, 1994, Guinn filed a statutory disclaimer of its sole involved claim (claim 9). Accordingly, the Administrative Patent Judge (APJ) issued an order to show cause against Guinn (Paper No. 43), indicating that the statutory disclaimer will be treated as a request for entry of an adverse judgment against Guinn pursuant to 37 CFR 1.662(c). Guinn has filed a response to the order to show cause (Paper No. 45), and Kopf has filed a response to that of Guinn (Paper No. 46).
>
> In their respective responses, neither party has requested that a final hearing or a testimony period be set with respect to the propriety of the show cause order. Rather, the Guinn response contains a discussion of reasons why Guinn believes that the rule, § 1.662(c), is "facially invalid" and that the Board therefore lacks jurisdiction to enter judgment against Guinn in view of Guinn's filing of a statutory disclaimer.
>
> As set forth in the Commissioner's Notice entitled *"Interference Practice: Response to Order to Show Cause under 37 CFR 1.640,"* 1074 O.G. 4 (Jan. 6, 1987), where the response does not request a final hearing or a testimony period but, instead, contains a full discussion of the reasons why judgment should not be entered, the response paper is deemed to waive "any opportunity to present oral argument concern-

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included in the appendix to respondent's brief before the Federal Circuit. See R. Br. App. A and B and text at pp. 15-19.

ing the matters discussed therein, and the matter will be decided by the Board based upon the content of the paper and any response thereto." *Qadri v. Chu,* 18 USPQ2d 1254 (BPAI 1990), *aff'd mem.,* 965 F.2d 1063 (Fed. Cir. 1992); *Brown v. Bravet,* 25 USPQ2d 1147 (BPAI 1992). *Accordingly, we will decide the matter discussed by the parties in their respective responses based upon the arguments presented therein.*

* * * *

Judgment

* * * *

Henry B. Kopf is entitled to a patent containing his involved claims 19-31 in application Serial No. 07/442,240, and is also entitled to a patent containing his involved claims 20-38 in application Serial No. 07/207,655, provided that Kopf takes the action which is necessary to avoid a double patenting rejection, e.g., by filing a terminal disclaimer in one of his involved applications, when *ex parte* prosecution resumes upon termination of this interference. Perry W. Guinn, Gary N. Mills, Robert A. Bedient and Martin O. Greeley, the senior party patentees, are not entitled to a patent containing their involved claim 9 which has been disclaimed under 35 U.S.C. 253. (App. 11a-14a; emphasis added)

The important point here is that the board based its decision solely on the arguments of the parties in their "responses" to the show cause order—not on any patentability record whatsoever, "fully developed" or otherwise.

The Federal Circuit—affirming the Board—perforce based its decision *as the Board had done* solely on the parties' responses to the show cause order. See the Petition at 3a-4a (referring to the responses to the show cause order).

Acknowledging the *lack* of any "patentability record" basis for the Board's decision, the Federal Circuit correctly held: "*The patentability of Kopf's claims corre-*

sponding to the count is beyond the scope of this appeal" [4] (Pet. at 8a). Nevertheless, in conflict with its prior decision in *Perkins*, the Federal Circuit surprisingly "AFFIRMED" (Pet. at 8a) the "Board's judgment" quoted *supra*, p. 9 that Kopf is entitled to patents containing 30 claims from his involved applications.

CONCLUSION

The Petition should be granted.

Respectfully submitted,

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[4] In this way, the Federal Circuit evaded a decision of the issue that was squarely presented to it, namely whether the Board had jurisdiction to render a patentability judgment.